



BUDGET PROCESS

The El Paso City Charter and El Paso Municipal Code dictate that the annual City budget must include a complete financial plan for the fiscal year. To achieve this goal, the City Manager spearheads the budget process, with the Mayor and City Council, OMB, City departments, and the public participating during various stages of the budget process. Throughout the process, the City Manager provides the City's Department heads with policy direction in formulating the budget and discusses areas of concern with the City Council.

Drafting the City Budget

The City Manager establishes parameters for the next fiscal year and provides direction and instruction to the departments in preparing their operating and capital budget requests. A budget preparation manual is distributed, which fully explains the entire budget process and timetable. The City Manager addresses any policy or procedure changes to be made for the coming fiscal year.



City Manager's Proposed Budget

Each department prepares and submits budget requirements for the coming fiscal year. These requests include appropriations for operation and maintenance, capital equipment, and construction. Revenue generating departments must also submit revenue estimates in their budget packets. The departments compile and submit their requested budget, including required reports, and updated functions, goals, objectives and performance outputs. This information is assembled into a preliminary budget packet and submitted to the Mayor for review. The City uses the program budgeting concept, which entails grouping activities within a department into programs that represent specific types of services. Upon receipt of the packets in OMB, department budget and management analysts review and discuss the budget requests with the department heads and identify major program changes and policy issues. The analysts complete their review, formulate recommendations, and ensure that all funds are in balance. The finalized figures become the projected budget. When the projected budget is completed, the City Manager will review each budget and determine whether changes are required based on funds availability and priorities. Revisions are made to the projected budget and the resulting figures become the City Manager's Proposed Budget. The City Manager's Proposed Budget is distributed to City Council, department heads and the media.



Public Hearings

The OMB staff assembles, prints, and then files the City Manager's Proposed Budget with the Municipal Clerk's Office, to be adopted through a resolution approved by City Council. Upon completion of the City Manager's Proposed Budget for the City of El Paso, review sessions and public hearings are scheduled by City Council during July and August. A copy of the Proposed Budget is available for review in the Municipal Clerk's Office. The review sessions and public hearings provide an opportunity for City Council and the public to ask questions, to make recommendations, and gain a better understanding of the operations of each department.

Budget Adoption

Any changes, to the City Manager's Proposed Budget, made after the budget's filing must be included as part of the budget resolution, which is voted upon by City Council. Pending final approval, the adopted budget is subject to the Mayor's revision and/or veto. The final adopted budget is distributed to all City departments and is available for public examination in the Municipal Clerk's Office and all municipal library branches.

Tax Levy

In accordance with the laws of Texas, City Council passes the tax levy ordinance as soon as possible after the tax roll is completed. The Council also holds posted public hearings regarding the property tax rate and sets the rate as prescribed by the State Property Tax Code.

Balanced Budget

Throughout the fiscal year, the City Manager ensures that expenditures do not exceed projected revenues. If necessary, with the approval of City Council, a plan is implemented to either reduce the rate of expenditures or increase revenues. This action will ensure that the budget remains balanced as required by the City Charter.

Amending the Adopted Budget

The responsibility for amending the adopted budget originates in the department requesting the change. Department Heads are authorized to make budget transfers not exceeding Twenty-Five Thousand Dollars so long as the transfer is within the same fund and department. A budget transfer of personal services appropriations or impacting revenue accounts requires the approval of the City Manager. Budget transfers exceeding Twenty-Five Thousand Dollars (25,000) between departments or between funds require Council approval. Transfers that increase an appropriation from contingency, new revenue, or re-appropriation of fund balance, and/or change the scope of a program require Council approval.

Department heads are responsible for initiating a budget transfer prior to incurring any additional expenditure that might cause budget overruns.



BUDGET PREPARATION PROCESS FISCAL YEAR 2006

26-Jan	City Manager meets with Mayor and Council to set budget priorities.
9-Feb	Provide departments with FY06 revenue projection form & directions.
9-Feb	Distribute employee salary information (Form D) to depts. for review.
18-Feb	Departments to return completed FY06 revenue projections to OMB.
23-Feb	Departments return reviewed Form D's to OMB.
23-Feb	OMB compiles, finalizes and reviews FY06 revenue projections with appropriate executive administration.
10-Mar	City Manager establishes departmental appropriation baselines.
14-Mar	OMB will distribute required budget preparation reports to Depts.
4-Apr	All Department Requested Budgets returned to OMB. Any Program Improvements impacting requested budget must also be submitted.
8-Apr	Program Improvements reviewed by City Manager and Deputy City Managers and those approved, are implemented by OMB.
10-May	City Manager reviews final revised Proposed Budget with Council.
1-Jul	Official Proposed Budget filed with Municipal Clerk and County Clerk (City Charter 7.3). Proposed Budget distributed to Mayor and Council, department heads, and the media.
7 thru 28-Jul	City Manager and City Council hold budget hearings, as required.
30-Jul	Tax Collector publishes Public Notice of Effective Tax Rate (Tax Code 26.04).
2-Aug	Tax Levy/Tax Rate Ordinance introduced to City Council.
3-Aug	Notice of public hearing on adoption of the budget is published in daily newspapers, between ten and twenty days prior to the hearing (City Charter 7.3B).
29-Aug	Public hearings on adoption of FY 2006 Budget.
29-Aug	City Council adopts budget by resolution (City Charter 7.3D). City's Adopted Budget is filed with Municipal Clerk and County Clerk (City Charter 7.3E).
30-Aug	City Council adopts the Tax Levy/Tax Rate Ordinance after final reading.



BUDGET POLICIES

The City of El Paso exercises all powers of local self-government under a charter approved by the voters, subject to the Constitution and laws of the State of Texas. The charter, rewritten in 1984, calls for a City Council consisting of eight District Representatives and the Mayor. In 2004, the citizens adopted a City Manager form of government.

The City Manager recommends the budget for the City. The *City Manager's Budget Message* is the statement of fiscal policy and provides a projection of revenues and expenditures for the current fiscal year. The *Budget Resolution* is an essential component of the budget document and can be viewed as a tool for implementation of the adopted budget. The Resolution is the statement of budget, providing guidelines for appropriating and distributing budgeted funds. The City Manager proposes the Resolution and attaches it to the budget document.

The annual budget for the City of El Paso sets forth the anticipated revenues and expenditures for the fiscal year for both the *operating* (including debt service) and *capital budget funds*. The budget document:

- Addresses policy objectives for the upcoming fiscal year.
- Explains the financial management plan for the fiscal year.
- Summarizes revenues the City will collect, funds the City will spend, and changes from the previous year.
- Identifies the mission, goals, objectives and major functions of each City department.
- Lists major capital improvement projects.

Incorporated through the development and preparation of the budget are policies for the following:

- Operating Budget.
- Debt Service.
- Capital Improvements Program, including capital acquisitions and capital and construction expenditures.
- Revenue and Expenditure.
- Operations Contingency.
- Financial accounting, including cash management.

Operating Budget Policy

The operating budget contains a complete financial statement of:

- Proposed expenditures.
- Funds received from all sources during the preceding year.
- Estimated revenue available to cover the proposed budget.



Developing and preparing the budget is a six-month process guided by the following budget policies:

- I. All fund budgets are balanced. Excess estimated revenues increase fund balance, conversely excess estimated expenditures decrease fund balance. As stated, in the City's Charter (Article 7.3.G), "If at any time during the fiscal year, the City Manager ascertains that available income for the year, including fund balances, will be less than total appropriations, the Council shall reduce those appropriations so that expenditures will not exceed income." This requirement of the City's Charter ensures that the City will maintain a balanced budget.
- II. Revenue is estimated based upon historical data, current economic conditions within the region (including the Mexican economy) and other demographic data. The policy is that property tax revenue growth should be due to increases in valuation and not rates. Fees should recover the cost of the services provided. Many fees, licenses and fines are limited by State statute. The City's policy is non-recurring revenue sources should not fund ongoing programs.
- III. All budget requests are considered in conjunction with measurable performance criteria. Expenditures are approved or rejected based on planned levels of performance. Each activity within a fund is explained in a performance budget plan consisting of work programs, goals, objectives, and strategies.
- IV. Expenditure budgets for enterprise and internal service operations are funded either exclusively or primarily by user fee revenues. These funds must recover both direct and indirect costs. Self-sufficiency is a long-range objective for these funds.
- V. The operating budget is coordinated and planned in conjunction with the capital improvements that will be completed in the current fiscal year.
- VI. All retirement and employee benefit plans are financed in a manner to systematically fund liabilities. The City budgets sufficient funds to pay current expenditures and develop a reserve.
- VII. An annual review of all fees and charges is conducted to determine the extent to which the full cost of associated services are being recovered by revenue.
- VIII. City programs are self-supporting unless City Council specifically determines that they are to be subsidized by general revenue.

Debt Service Policy

The City is authorized to issue Tax Supported Bonds equal to ten percent of assessed taxable values within the City. Borrowing from the Cash Reserve Fund for unanticipated expenditures requires that the funds must be paid in full within a year, according to the City Charter. The City uses debt financing only under the following conditions:



- Proceeds from long-range debt will not be used for current operations.
- Bonds will be paid back within a period not to exceed, and preferably sooner than, the expected useful life of the capital project.
- Revenue, or other self-supporting debt instruments will be used instead of general obligation bonds, whenever possible.
- Good communication with bond rating agencies will be maintained and all financial reports and bond prospectus will be fully disclosed to the public.

Debt service funds may be invested as allowed by the laws of Texas. The City's outstanding debt is well within compliance of the debt service policy.

Capital Improvements Program Policy

The capital budget serves as a planning tool. Capital improvements require large, long-term expenditures of capital funds, which must be programmed over more than one year. Items in the Capital Improvements Program (CIP) are usually construction projects designed to improve the City's infrastructure. Such items include drainage and street improvements, buildings, and recreation facilities.

The program provides for continuation of major multi-year projects initiated and authorized in previous years as well as new projects. It provides a framework to:

- Identify capital requirements.
- Schedule projects over a period of years.
- Coordinate related projects.
- Focus on community objectives.
- Develop proposed financing mechanisms.

The City continues to invest capital funds for improvement and rebuilding of the infrastructure to meet the needs and demands of a growing population. The CIP is reviewed and updated to reflect changing priorities, project cost estimates, and financing strategies. It is financed through a combination of:

- Tax-supported debt.
- Revenue-supported debt.
- Internally generated revenues.
- Intergovernmental funds.
- Pay-as-you-go funding through the Capital Acquisition Fund.



Revenue Policy

The Financial Service's Office administers revenue programs, the Tax Office acts as the receiving agent; and the Office of Management and Budget prepares the revenue estimates. Revenue policies require the City to:



- Maintain a broad revenue base; that is, a large number of diversified revenue sources are maintained to distribute the revenue burden equitably and to protect the City from short-term fluctuations in any one revenue source;
- Attempt to enlarge the revenue base by seeking new revenue sources, to help meet increasing funding needs without excessive dependence on property taxes;
- Establish user fees in all areas where practical and productive, and seek to set fees at levels related to the costs of providing the services.

User fees are reviewed annually as part of the budget process and adjusted to maintain or to move incrementally closer to full cost recovery:

- Establish self-supporting enterprise funds so the relationship between costs and revenues is clearly identified;
- Maintain and improve effective collection systems to maximize revenues from available sources.

Revenue policies also require that indirect costs be recovered from other funds. This is done in accordance with the A-87 Indirect Cost Recovery Plan developed each year by outside consultants.

Revenue Estimates

The City Manager uses the following assumptions to project revenue for FY2006:

- Budgeted revenue for each fund will be based on current trends, while providing for contingencies.
- A slight improvement in general fund revenue, particularly sales tax, will continue, but estimates will be conservative.
- The assessed valuation will continue to grow.

The City monitors revenue collection throughout the fiscal year. When revenue is less than estimated, the City Manager initiates action consistent with prudent financial management policy, required by the City Charter, to reduce expenditures.



Expenditure Estimates

The City used the following assumptions to project FY2006 expenditures:

- Expenditure projections are based upon past historical data, economic data (local, national, and Mexican) and changes in policy.
- Appropriations are sufficient to provide quality services at a reasonable cost and within available financial resources.
- Budgeted expenditures do not exceed revenues or deplete reserves.

Operating Contingency Policy

The City appropriates at least \$750,000 in an operating contingency account, to address any unforeseen expenditures throughout the fiscal year. The Cash Reserve Fund of \$16 million provides added coverage for unexpected expenses. Withdrawals from contingencies must have approval from the Mayor and Council.

FINANCIAL POLICIES

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding:

- Safeguarding assets against loss from unauthorized use or disposition.
- Reliable financial records for preparing financial statements and maintaining accountability for assets.



As a recipient of federal and state assistance, the City is responsible for ensuring that an adequate internal control structure is in place to guarantee compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Mayor through the internal audit function.

The City Internal Auditor, reports directly to the City Manager. The auditor's primary responsibility is to measure and evaluate the effectiveness of accounting and administrative controls.



Cash Management Policy

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield in its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. All collateral on deposits are held by the City, its agent, or a financial institution's trust department in the City's name. The City's investment policy follows the provisions outlined in Texas statutes.



Financial Structure

Financial transactions of the City are budgeted and recorded in individual accounts. Accounts are organized into different fund groups, and each fund is considered a separate accounting entity. Each has a balancing set of accounts and records, cash, and other financial resources. The City uses an integrated computerized accounting system to record, monitor, and manage all accounting transactions. Computerized revenue and expenditure reports are produced on a regular basis to inform the City Manager of the current status of each fund.

The City's financial structure encompasses the *operating budget*, which covers all operating costs for the City, and the *capital budget*, which pays for construction and maintenance of capital improvement projects. Funds for these budgets are segregated to carry on specific activities or to attain certain objectives, according to special regulations, restrictions, or limits.

There are two major types of funds for both the capital and operating budgets: *government* and *proprietary*. Each has *primary funds* and *sub funds*.



GOVERNMENTAL FUNDS				
PRIMARY FUND	DESCRIPTION	PURPOSE/ RECIPIENTS	SOURCE OF REVENUE	SUBFUNDS
GENERAL FUND	This is the largest and most important budget for the overall operation of the City. This fund accounts for any revenue or activity which is neither required by law nor directed through administrative decision to be accounted for in a special fund.	Most of the City's basic services, including operation of and services for public safety (Police, Fire), financial services, libraries, most parks and recreation services, municipal services, and city-wide administration.	General revenues, e.g., property taxes, sales taxes, and municipal court fines.	General Fund Utility Rate Review
DEBT SERVICE FUND	These funds account for the accumulation of resources used to pay the principal, interest and related costs of long-term debt. In this fund, interest and debt payments are recorded.	The fund serves as a repayment mechanism for borrowing to finance capital improvements and acquisitions of major equipment.	Property taxes levied by the City and financed through other sources of revenue.	General Obligation Bonds Certificates of Obligation Revenue Bonds Contractual Obligations (for equipment)
SPECIAL REVENUE FUND	These funds come from the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, excluding special assessments, expendable trusts or major capital projects.	Financing by state and federal funds for programs in health, library, arts, community development. Financing community recreation programs.	Grant funds from state, federal and other sources, and user fees.	Various state and federal grants Parks User Fee
CAPITAL PROJECTS FUND	Funds for construction and/or improvement of city-owned structures, and purchase of capital equipment.	Acquisition or construction of major capital facilities. Acquisition of capital equipment.	Financing primarily from the sale of bonds.	Various capital projects



Governmental Funds

Most government functions are financed through governmental funds. The acquisition, use, and balances of the City's expendable financial resources and related current liabilities are accounted for through governmental funds. Long-term liabilities and fixed assets are not accounted for through governmental funds. The measurement focus is to determine changes in financial position, rather than to determine net income. All cash payments are considered expenditures.

Proprietary Funds

Proprietary funds are used for the ongoing activities of the City that are similar to those found in the private sector. These funds include all assets, liabilities, equities, revenues, expenses, and transfers relating to the City's business and quasi-business activities. The measurement focus is on determining net income, financial position, and changes in financial position. These funds are financed through user charges to recover costs for services provided. Proprietary funds use accrual accounting, which means that revenues are recognized when earned by the City and expenses are recognized when incurred.

Fiduciary Funds

Fiduciary funds are restricted funds used to account for assets held by the City in a special capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Restricted and Agency funds include expendable funds, pensions funds, and agency funds.

Cash Reserve Fund

According to the El Paso Charter, a cash reserve fund is maintained in an amount equal to its existing balance at the date the City Charter was adopted (approximately \$16,000,000). This fund is a separate accounting entity. Restrictions on its use are:

- a. Resources must be invested according to the laws of Texas;
- b. Short-term borrowing from the cash reserve fund will be for a period of no more than one calendar year;
- c. Short-term borrowing must be approved by the City Council, and

Annual income from the fund must be used only for capital assets including acquisition, construction, reconstruction, and improvement of facilities, equipment, or land.



Restricted/Agency

This primary fund is made up of numerous sub funds, including:

- City Tax Office Investments
- Tax Collections Fund
- Health Facilities Escrow Fund
- Deferred Compensation Fund
- Employee Pension Plans
- Museum Restricted Fund
- County Food Safety Program

Basis Of Accounting

The basis of accounting refers to the method by which revenues and expenditures or expenses are recognized in the accounts and reported in the general-purpose financial statements.

Proprietary funds and the pension fund use the *accrual* basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

Governmental funds and expendable restricted funds are accounted for on the *modified accrual* basis of accounting. Certain revenues are recorded when susceptible to accrual, both available and measurable.

Available means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period.

Measurable expenditures are generally recognized on the accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt that is recognized when due. This exception is in conformity with generally accepted accounting principles.

Basis of Budgeting

General, Special, Capital and Expendable trusts are budgeted using the modified accrual basis of accounting. Revenue is recognized in the accounting period it is subject to accrual, when it is both "measurable " and "available".

Expenditures are also recognized under the modified accrual basis of accounting, when the related liability is incurred.

All internal service, enterprise, pension trust and other non-expendable trusts use the accrual basis of accounting.

In all cases, budgetary and allotment controls are set at the object levels. Appropriation and encumbrance balances lapse at the end of the year; however, commitments can be re-appropriated in the following year.

The basis of accounting and the basis of budgeting are the same.



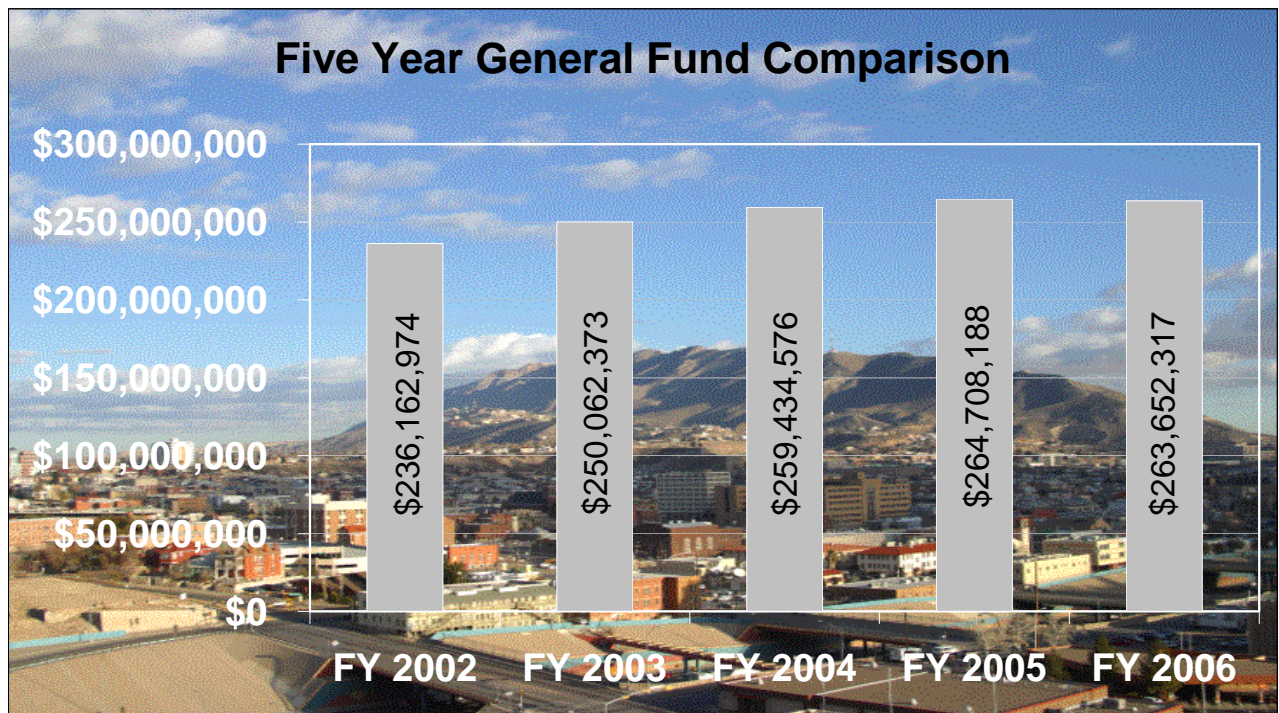
FIVE YEAR ADOPTED GENERAL FUND BUDGET COMPARISON

<i>Revenue Classification</i>	<i>Adopted FY 2002</i>	<i>Adopted FY 2003</i>	<i>Adopted FY 2004</i>	<i>Adopted FY 2005</i>	<i>Adopted FY 2006</i>	<i>% Change FY 05-06</i>
TAXES	\$146,381,773	\$148,811,043	\$154,868,218	\$161,889,991	\$169,112,570	4.46%
FRANCHISES	36,742,777	38,788,682	38,199,441	42,075,364	47,490,126	12.87%
SERVICE REVENUE	5,934,000	6,523,000	6,952,740	8,421,549	6,602,103	-21.60%
OPERATING REVENUES	23,096,750	25,759,890	26,290,707	27,293,902	25,743,652	-5.68%
NON-OPERATING REVENUE	4,290,000	2,857,200	2,942,440	4,137,889	3,807,718	-7.98%
INTERGOVERNMENTAL REVENUE	2,930,370	2,965,370	2,836,038	1,198,576	710,001	-40.76% *
TRANSFERS IN	16,787,304	24,357,188	27,344,992	19,690,917	10,186,147	-48.27% **
TOTAL	\$236,162,974	\$250,062,373	\$259,434,576	\$264,708,188	\$263,652,317	-0.40%

<i>Appropriations by Character</i>	<i>Adopted FY 2002</i>	<i>Adopted FY 2003</i>	<i>Adopted FY 2004</i>	<i>Adopted FY 2005</i>	<i>Adopted FY 2006</i>	<i>% Change FY 05-06</i>
PERSONAL SERVICES	\$181,287,965	\$191,253,495	\$201,262,639	\$204,903,468	\$199,436,108	-3%
CONTRACTUAL SERVICES	23,467,676	25,628,266	27,319,637	28,164,074	26,211,091	-7%
MATERIALS & SUPPLIES	9,194,254	9,378,241	9,259,333	9,163,849	8,971,146	-2%
OPERATING EXPENDITURES	18,089,233	20,267,478	17,866,289	19,055,196	22,945,994	20%
NON-OPERATING EXPENDITURES	1,104,500	990,000	987,458	1,060,000	773,361	-27%
INTERGOVERNMENTAL EXP	2,248,346	2,323,893	2,518,220	2,142,601	832,617	-61%
OTHER USES	771,000	221,000	221,000	219,000	4,482,000	1947% *
TOTAL	\$236,162,974	\$250,062,373	\$259,434,576	\$264,708,188	\$263,652,317	-0.40%

* Decrease in intergovernmental revenue and increase in Other Uses resulted from the transfer of activities of the City-County Health District from the general fund to a restricted fund.

** Unrestricted fund balance is not used in FY2006 for the first time in ten years.





All Funds

FTE Positions by Subfund

<i>Subfund</i>	<i>Adopted FY 2004</i>	<i>Adopted FY 2005</i>	<i>Adopted FY 2006</i>
Government Operations	4253.62	4214.18	4071.76
Solid Waste Management	305.20	306.20	251.20
Convention & Performing Arts Center	6.65	5.90	1.00
SWM Environmental Serv Proj	0.00	0.00	38.00
Capital Projects	13.50	13.50	16.00
Social Services	8.34	8.35	8.35
Crime Prevention	101.98	64.70	35.01
Health Prevention and Maintenance	141.05	154.48	147.04
Environmental Services	26.60	23.77	25.52
Crime Prevention	10.00	21.00	21.62
Health Prevention and Maintenance	79.55	84.47	80.86
Literacy/Library Services	4.75	5.50	4.22
Environmental Services	2.00	1.00	1.00
Emergency Management	2.50	2.50	2.50
Social Services	1.00	0.00	0.88
Parks and Recreation - User Fees	90.85	120.24	116.31
Zoo Operations	1.00	1.00	1.00
Police Confiscated Funds	0.00	4.00	3.00
Museum Restricted Funds	2.75	2.00	2.00
City-County Health	0.00	0.00	173.52
Police Restricted	3.00	0.00	0.00
Other Community Development Grants	7.00	7.00	7.00
Revolving Loan Funds	14.00	14.00	13.00
HUD Administration	38.74	37.83	35.65
FY 2003 Certificates	0.00	0.00	1.00
General Fund Capital Outlay	0.00	0.00	1.20
Other Outside Sources	5.60	5.60	0.00
Airport Cost Centers	253.00	289.90	295.00
Non-Capital Grants	3.00	3.00	3.00
General Operations	645.57	648.57	673.15
Non Capital Grants	10.00	1.00	12.00
Stanton Street	44.80	44.80	44.80
Postage Inventories & Services	2.20	2.20	2.20
Equipment Maintenance	98.00	97.00	90.00
Copy Center	4.20	2.60	4.20
Health Benefits	8.70	7.20	7.20
Workers Compensation	2.90	2.10	2.00
Unemployment Compensation	1.00	1.00	1.00
Museum Restricted Funds	0.50	1.75	1.75
Restricted Under Research	0.75	1.75	1.75
<i>FTE Grand Total All Funds</i>	<u>6,194.30</u>	<u>6,200.09</u>	<u>6,196.69</u>



All Funds

FTE Positions by Department

<i>Department</i>	<i>Adopted FY 2004</i>	<i>Adopted FY 2005</i>	<i>Adopted FY 2006</i>
Mayor and Council	33.00	30.50	22.00
City Attorney	44.70	38.90	38.77
Department of City Manager	0.00	5.00	16.00
Office of Management and Budget	39.40	32.40	27.20
Tax	23.50	21.50	21.50
Financial Services	0.00	0.00	57.80
Comptroller	31.95	27.95	0.00
Purchasing	29.20	31.80	0.00
Human Resources	49.40	37.40	36.20
Municipal Clerk	91.30	91.30	94.30
Financial & Administrative Services	10.00	7.00	0.00
Quality Of Life Services Department	1.00	2.00	0.00
Municipal Services	1.00	1.00	0.00
Building & Planning Services	5.00	6.00	0.00
General Services	0.00	0.00	139.40
Municipal Services Department	59.00	45.00	0.00
Fleet Services	98.00	97.00	0.00
Development Services	0.00	0.00	121.60
Planning	39.60	31.00	0.00
Building, Permits & Inspections	117.60	110.60	0.00
Police	1734.80	1753.80	1751.80
Fire	985.10	1002.10	1011.60
Street Department	339.80	344.80	336.80
Environmental Services	0.00	0.00	289.20
Solid Waste Management	297.20	298.20	0.00
Engineering Services	87.00	90.00	63.50
Information Technology	51.00	43.00	50.00
Health District	423.50	416.10	426.94
Parks And Recreation	322.72	357.38	349.22
Zoo	84.20	84.20	85.20
Library	163.77	170.49	192.91
Department of Museums & Cultural Affairs	0.00	0.00	57.10
Museums	45.00	43.50	0.00
Arts & Culture	8.60	7.60	0.00
Public Transit - Sun Metro	655.57	649.57	685.15
Airport	222.00	232.40	231.50
Metropolitan Planning Organization	13.50	13.50	16.00
Community And Human Development	60.99	60.00	60.00
Economic Development	21.00	14.00	12.00
Non - Departmental	4.90	3.10	3.00
<i>FTE Grand Total</i>	<i>6,194.30</i>	<i>6,200.09</i>	<i>6,196.69</i>

Note: Changes - Purchasing & Comptroller to Financial Services; BPI & Planning to Development Services; Fleet & Municipal Services to General Services; ACD & Museums to Department of Museums & Cultural Affairs.



All Funds

FTE Positions by Primary Fund/Subfund

<i>Primary Fund/Subfund</i>	<i>Adopted FY 2004</i>	<i>Adopted FY 2005</i>	<i>Adopted FY 2006</i>
<u>AIR International Airport</u>			
Airport Cost Centers	253.00	289.90	295.00
Non-Capital Grants	3.00	3.00	3.00
Total International Airport	256.00	292.90	298.00
<u>BRG International Bridges</u>			
Stanton Street	44.80	44.80	44.80
Total International Bridges	44.80	44.80	44.80
<u>BUS Mass Transit</u>			
General Operations	645.57	648.57	673.15
Non Capital Grants	10.00	1.00	12.00
Total Mass Transit	655.57	649.57	685.15
<u>FFA Other Federal FIN Awards</u>			
Capital Projects	13.50	13.50	16.00
Social Services	8.34	8.35	8.35
Crime Prevention	101.98	64.70	35.01
Health Prevention and Maintenance	141.05	154.48	147.04
Environmental Services	26.60	23.77	25.52
Total Other Federal FIN Awards	291.47	264.80	231.92
<u>GEN General Fund</u>			
Government Operations	4253.62	4214.18	4071.76
Solid Waste Management	305.20	306.20	251.20
Convention & Performing Arts Center	6.65	5.90	1.00
SWM Environmental Serv Proj	0.00	0.00	38.00
Total General Fund	4565.47	4526.28	4361.96
<u>COUNTY HEALTH DISTRICT</u>			
City/County Health	0.00	0.00	173.52
Total Local/Private Awards	0.00	0.00	173.52
<u>HUD HUD Grants</u>			
Other Community Development Grants	7.00	7.00	7.00
Revolving Loan Funds	14.00	14.00	13.00
HUD Administration	38.74	37.83	35.65
Total HUD Grants	59.74	58.83	55.65
<u>LPA Local/Private Awards</u>			
Social Services	1.00	0.00	0.88
Total Local/Private Awards	1.00	0.00	0.88



All Funds

FTE Positions by Primary Fund/Subfund

<i>Primary Fund/Subfund</i>	<i>Adopted FY 2004</i>	<i>Adopted FY 2005</i>	<i>Adopted FY 2006</i>
<u>NGA Non Grants Awards</u>			
Parks and Recreation User Fees	90.85	120.24	116.31
Zoo Operations	1.00	1.00	1.00
Police Confiscated Funds	0.00	4.00	3.00
Museum Restricted Fund	2.75	2.00	2.00
Police Restricted Fund	3.00	0.00	0.00
Museum Restricted Fund	0.50	1.75	1.75
Restricted Under Research	0.75	1.75	1.75
<i>Total Non Grants Awards</i>	98.85	130.74	125.81
<u>PFP Privately Funded Capital Projects</u>			
Other Outside Sources	5.60	5.60	0.00
<i>Total Privately Funded Capital Projects</i>	5.60	5.60	0.00
<u>SFA State Financial Awards</u>			
Crime Prevention	10.00	21.00	21.62
Health Prevention and Maintenance	79.55	84.47	80.86
Literacy/Library Services	4.75	5.50	4.22
Environmental Services	2.00	1.00	1.00
Emergency Management	2.50	2.50	2.50
<i>Total State Financial Awards</i>	98.80	114.47	110.20
<u>General Obligation Funded Capital</u>			
FY 2003 Certificates	0.00	0.00	1.00
General Fund Capital Outlay	0.00	0.00	1.20
<i>Total G.O. Funded Capital</i>	0.00	0.00	2.20
<u>SIF Self Insurance</u>			
Health Benefits	8.70	7.20	7.20
Workers Compensation	2.90	2.10	2.00
Unemployment Compensation	1.00	1.00	1.00
<i>Total Self Insurance</i>	12.60	10.30	10.20
<u>SSP Supply & Support</u>			
Postage Inventories & Services	2.20	2.20	2.20
Equipment Maintenance	98.00	97.00	90.00
Copy Center	4.20	2.60	4.20
<i>Total Supply & Support</i>	104.40	101.80	96.40
<i>FTE Grand Total All Funds</i>	6194.30	6200.09	6196.69



TAX INFORMATION

AD VALOREM TAX LAW

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax.

By September 1st or as soon thereafter as possible, the City Council adopts a tax rate per \$100 taxable value for the current year. The tax rate consists of (1) a rate for funding of maintenance and operation expenditures and (2) a rate for debt service.

The El Paso Central Appraisal District is responsible for the appraisal of property within the City. Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100 percent of its market value and is prohibited from applying any assessment ratios.

The value placed upon property is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the District a minimum of every three years. The City may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

TAX RATE LIMITATION

In determining the ad valorem tax, the City operates under a home-rule charter (the City Charter), pursuant to Article XI, Section 5, of the Texas Constitution. The City Charter limits the tax rate to \$1.85 per \$100 assessed valuation for all City purposes. The current tax rate of \$0.696677 for FY 06 remains well within this limit.

Under the Property Tax Code, the City must annually calculate and publicize its effective tax rate and rollback tax rate. The hearing is held following a properly posted public notice to the taxpayers. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the City, by petition, may require an election to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

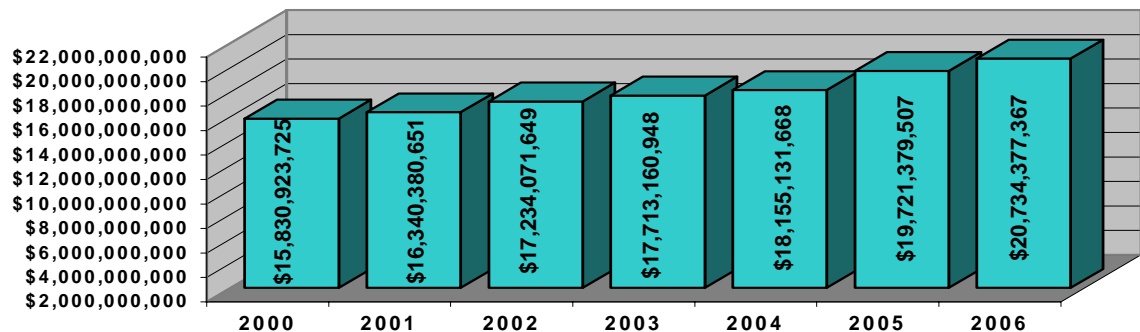




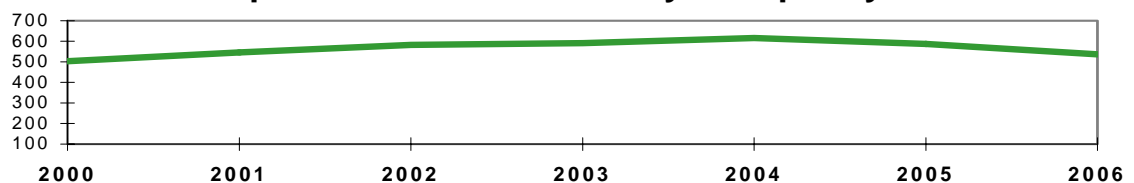
Certified* Assessed Valuation

FISCAL YEAR ENDED AUG 31	ESTIMATED CITY POPULATION	*CERTIFIED TAXABLE ASSESSED VALUATION	PER CAPITA CERTIFIED TAXABLE ASSESSED VALUATION	FUNDED TAX DEBT	PER CAPITA FUNDED TAX DEBT	RATIO FUNDED DEBT TO CERTIFIED TAXABLE ASSESSED VALUATION
1993	540,203	12,281,747,360	22,735	177,755,000	329	1.45%
1994	554,350	12,335,182,621	22,220	224,260,000	404	1.82%
1995	570,200	12,724,149,080	22,315	217,545,000	382	1.71%
1996	583,421	13,937,576,701	23,889	248,620,000	429	1.78%
1997	596,800	14,754,004,316	24,722	263,690,000	436	1.78%
1998	606,526	15,154,128,873	24,985	271,665,000	434	1.79%
1999	617,215	15,338,471,509	24,851	302,995,000	491	1.98%
2000	563,662 #	15,830,923,725	28,086	282,835,000	502	1.79%
2001	573,827 ‡	16,340,380,651	28,476	312,750,000	545	1.91%
2002	583,949 ‡	17,234,071,649	29,513	339,600,000	582	1.97%
2003	594,054 ‡	17,713,160,948	29,817	351,135,000	591	1.98%
2004	604,156 ‡	18,155,131,668	30,050	372,365,000	616	2.05%
2005	614,261 ‡	19,721,379,507	32,106	360,490,000	587	1.83%
2006	624,364 ‡	21,045,610,783	33,707	334,505,000	536	1.59%

Certified Assessed Valuation



Per Capita Debt Funded by Property Tax



* Certified Valuation refers to valuation in effect at time of corresponding Budget preparation. Certified Valuation is subject to adjustments for protested assessments. Final valuation at time of levy is reflected on next page.

US Census 2000 Actual

‡ Revised population estimate, based on 2000 census. Source: Department of Planning, Research and Development

**CITY OF EL PASO
SCHEDULE OF ASSESSED VALUATION AND TAX RATE**

CALENDAR YEAR	ASSESSED VALUE AT TIME OF LEVY				TOTAL ASSESSED VALUE	TAX RATE	ALLOCATION OF TAX RATE	
	Real Property		Personal Property				GENERAL FUND	SINKING FUND
	AMOUNT	PERCENT	AMOUNT	PERCENT				
1976	930,323,000	75.74%	298,056,000	24.26%	1,228,379,000	1.770000	1.510000	0.260000
1977	1,456,735,000	72.98%	539,208,000	27.02%	1,995,943,000	1.150000	0.980000	0.170000
1978	1,519,797,000	73.18%	557,081,000	26.82%	2,076,878,000	1.150000	0.980000	0.170000
1979	1,629,795,000	73.10%	599,730,000	26.90%	2,229,525,000	1.150000	0.980000	0.170000
1980	1,677,309,000	70.08%	716,278,000	29.92%	2,393,587,000	1.320000	1.135000	0.185000
1981	5,374,413,000	81.76%	1,199,123,000	18.24%	6,573,536,000	0.531200	0.463700	0.067500
1982	5,509,052,250	81.44%	1,255,433,000	18.56%	6,764,485,250	0.531200	0.463700	0.067500
1983	5,689,697,668	79.51%	1,466,648,594	20.49%	7,156,346,262	0.531200	0.463700	0.067500
1984	5,873,402,673	80.35%	1,436,681,664	19.65%	7,310,084,337	0.531200	0.463700	0.067500
1985	6,100,919,616	80.27%	1,499,677,523	19.73%	7,600,597,139	0.531200	0.463700	0.067500
1986	8,032,434,044	83.93%	1,538,531,974	16.07%	9,570,966,018	0.452240	0.395730	0.056510
1987	8,294,792,429	84.40%	1,533,285,441	15.60%	9,828,077,870	0.459480	0.402970	0.056510
1988	8,549,734,832	82.66%	1,793,085,134	17.34%	10,342,819,966	0.495335	0.427785	0.067550
1989	8,789,991,744	82.66%	1,843,583,523	17.34%	10,633,575,267	0.495427	0.406920	0.088507
1990	9,371,605,073	82.51%	1,986,765,547	17.49%	11,358,370,620	0.516160	0.412438	0.103722
1991	9,480,583,878	83.61%	1,858,199,464	16.39%	11,338,783,342	0.560247	0.446042	0.114205
1992	9,602,672,472	83.26%	1,930,114,989	16.74%	11,532,787,461	0.607468	0.466114	0.141354
1993	10,352,379,143	84.29%	1,929,368,217	15.71%	12,281,747,360	0.653229	0.466114	0.187115
1994	10,638,305,036	83.61%	2,085,774,596	16.39%	12,724,079,632	0.643796	0.480097	0.163699
1995	11,903,494,793	83.85%	2,292,148,507	16.15%	14,195,643,300	0.653229	0.480947	0.172282
1996	12,293,694,888	82.90%	2,535,140,475	17.10%	14,828,835,363	0.635926	0.474313	0.161613
1997	12,619,969,776	82.80%	2,620,753,710	17.20%	15,240,723,486	0.635926	0.484313	0.151613
1998	12,825,739,841	82.85%	2,654,935,888	17.15%	15,480,675,729	0.660234	0.487100	0.173134
1999	13,150,744,696	82.80%	2,731,797,207	17.20%	15,882,541,903	0.660234	0.487100	0.173134
2000	13,567,068,101	82.68%	2,841,081,574	17.32%	16,408,149,675	0.660213	0.487100	0.173113
2001	14,292,256,098	82.81%	2,967,016,152	17.19%	17,259,272,250	0.719833	0.542100	0.177733
2002	14,784,642,367	82.99%	3,030,427,427	17.01%	17,815,069,794	0.719833	0.542100	0.177733
2003	15,368,779,857	84.49%	2,820,246,208	15.51%	18,189,026,065	0.719833	0.542100	0.177733
2004	16,947,741,252	85.48%	2,879,856,855	14.52%	19,827,598,107	0.696677	0.524662	0.172015
2005	18,176,200,124	86.19%	2,911,679,293	13.81%	21,087,879,417	0.696677	0.508371	0.188306

Consolidated Tax Office 2005 Estimated Tax Parcel Analysis

<u><i>Taxing Entity</i></u>	<u><i>Tax Parcels (#)</i></u>	<u><i>2005 Tax Values (#)</i></u>	<u><i>2005 Tax Rates (\$/\$100)</i></u>	<u><i>2005 Tax Levy (\$)</i></u>	<u><i>Average Parcel Value (\$)</i></u>	<u><i>Average Parcel Levy (\$)</i></u>	<u><i>Fees for Year (\$)</i></u>
CITY OF EL PASO	192,983	21,087,879,417	0.696677	146,914,406	109,273	761	104,211
HOMESTEAD MUD	2,504	66,803,964	0.415386	277,494	26,679	111	1,352
EL PASO ISD	97,791	10,721,249,559	1.673500	170,816,602	109,634	1,747	52,807
CITY OF SOCORRO	12,490	535,334,326	0.491594	2,631,672	42,861	211	6,745
YSLETA ISD	59,577	4,578,920,686	1.735903	76,688,419	76,857	1,287	32,172
EL PASO COUNTY	348,642	22,564,181,149	0.432259	97,535,678	64,720	280	153,167
EP COMM COLLEGE	348,605	23,627,491,349	0.132844	31,387,627	67,777	90	153,147
THOMASON HOSPITAL	348,604	24,052,640,024	0.187128	45,009,144	68,997	129	153,146
SOCORRO ISD	57,939	4,208,067,401	1.627582	67,857,852	72,629	1,171	31,287
CLINT ISD	109,456	538,043,151	1.710000	9,119,315	4,916	83	24,006
FABENS ISD	4,367	114,063,490	1.576781	1,749,386	26,119	401	2,358
TOWN OF CLINT	588	31,978,156	0.413773	132,317	54,385	225	318
HORIZON REG MUD	95,823	554,974,956	0.468693	2,601,054	5,792	27	52,021
EMERG.SVCS.DIST.#1	95,823	554,974,956	0.097310	539,952	5,792	6	10,799
ANTHONY ISD	1,410	93,032,292	1.700000	1,536,784	65,980	1,090	761
TOWN OF ANTHONY	1,233	86,381,960	0.474686	410,043	70,058	333	666
CANUTILLO ISD	10,235	741,602,200	1.734946	12,711,019	72,457	1,242	5,527
SAN ELIZARIO ISD	5,206	110,336,580	1.572600	1,703,945	21,194	327	2,811
TORNILLO ISD	2,624	42,119,929	1.699000	711,500	16,052	271	1,417
HAC. D'NTE.WTR.DIST.	556	42,048,516	0.373053	156,863	75,627	282	300
LWR. VALLEY WTR.AUTH.	28,428	895,462,591	0.244392	2,188,438	31,499	77	43,769
EMERG.SVCS.DIST.#2	59,834	1,888,273,858	0.095969	1,812,152	31,559	30	36,243
TORNILLO WTR. DIST.	2,398	45,027,308	0.066343	29,872	18,777	12	1,295
CITY OF HORIZON	3,851	314,308,642	0.310000	974,357	81,617	253	2,080
DOWNTOWN MGT. DIST.	534	192,416,798	0.120000	230,900	360,331	432	288
EP COUNTY MUD#1	327	20,072,504	0.680600	136,613	61,384	418	177
FBNS WTR CNTL DIST	0	0	0.000000		0	0	0



DEBT ADMINISTRATION

The City is authorized to issue Tax Supported Bonds equal to ten percent of assessed taxable values within the City. The total certified assessed valuation for 2005 tax appraisal year is \$21,045,610,783 setting the debt limit at \$2,104,561,078. As of August 31, 2005, the City had \$334,505,000 of debt issues outstanding.

The per capita debt for the City of El Paso for FY2006 is \$536. The property tax rate to provide debt service during the FY2005 period was \$0.172015 per \$100 of assessed value, and will be increased to \$0.188306 in FY2006. The current tax rate of \$0.696677 for FY2006 remains well within the \$1.85 rate limit established by City Charter.

The City has maintained its AA rating from Standard & Poor and its AA3 rating from Moody's Investors Service on general obligation bond issues. The City was assigned a P-1 rating from Moody's Investor Service and an A-1+ rating from Standards and Poors on short-term notes.

TOTAL DEBT SERVICE REQUIREMENTS			
YEAR	PRINCIPAL	INTEREST	TOTAL
2006	28,815,000	18,229,052	47,044,052
2007	28,905,000	17,894,948	46,799,948
2008	27,770,000	16,454,974	44,224,974
2009	26,825,000	15,185,874	42,010,874
2010	26,980,000	13,954,567	40,934,567
2011	25,405,000	12,711,876	38,116,876
2012	24,665,000	11,422,452	36,087,452
2013	16,620,000	10,217,813	26,837,813
2014	17,355,000	9,424,712	26,779,712
2015	14,750,000	8,549,044	23,299,044
2016	12,260,000	7,792,631	20,052,631
2017	10,065,000	7,164,855	17,229,855
2018	10,580,000	6,652,943	17,232,943
2019	8,170,000	6,113,207	14,283,207
2020	8,025,000	5,714,455	13,739,455
2021	8,420,000	5,320,732	13,740,732
2022	7,975,000	4,906,588	12,881,588
2023	8,380,000	4,515,313	12,895,313
2024	8,795,000	4,104,186	12,899,186
2025	6,380,000	3,670,607	10,050,607
2026	3,440,000	3,355,930	6,795,930
2027	1,915,000	3,186,438	5,101,438
2028	2,010,000	3,095,475	5,105,475
TOTALS	\$334,505,000	\$199,638,669	\$534,143,669



CITY OF EL PASO

Debt Service Requirements by Issue

DESCRIPTION	DATED	ORIGINAL PRINCIPAL	BALANCE ALL YEARS		
			PRINCIPAL	INTEREST	TOTAL
Cert of Obligation 1995-A	1 Dec 95	10,975,000	1,000,000	75,000	1,075,000
Cert of Obligation 1997-A	25-Mar-97	7,200,000	300,000	30,600	330,600
Cert of Obligation 1998A	03-Mar-98	21,090,000	4,370,000	387,140	4,757,140
Cert of Obligation 2000	1-Apr-00	39,235,000	2,220,000	190,500	2,410,500
Cert of Obligation 2001	28-Feb-01	26,850,000	3,915,000	647,913	4,562,913
Cert of Obligation 2002	1-Dec-01	33,970,000	17,565,000	5,416,625	22,981,625
Cert of Obligation 2003	1-Mar-03	44,010,000	38,505,000	18,756,544	57,261,544
Cert of Obligation 1998B	17-Nov-88	10,005,000	2,815,000	257,175	3,072,175
TOTAL CERTIFICATES OF OBLIGATION			70,690,000	25,761,497	96,451,497
GO Bond refunding 2003	21-Aug-03	29,265,000	25,340,000	5,310,100	30,650,100
GO Bonds & refunding 2000	29-Feb-00	10,325,000	6,925,000	1,124,748	8,049,748
GO Bonds 2002 refunding		55,090,000	47,090,000	8,701,100	55,791,100
GO Bonds 1995	1 Dec 95	19,105,000	660,000	66,000	726,000
GO Bonds 1995-B (Refunding)	1 Dec 95	9,245,000	370,000	36,590	406,590
GO Bonds 1997	25-Mar-97	22,375,000	2,200,000	238,000	2,438,000
GO Bonds 1998	03-Mar-98	9,740,000	1,310,000	134,155	1,444,155
GO Bonds 1998A	17-Nov-98	8,805,000	735,000	73,140	808,140
GO Bonds 1999 (refunding)	15-Jan-99	27,275,000	26,285,000	6,455,420	32,740,420
GOB Refunding 2005		152,190,000	152,040,000	83,744,240	235,784,240
Civic Center 1998	03-Mar-98	18,250,000	860,000	118,680	978,680
TOTAL GENERAL OBLIGATIONS			263,815,000	106,002,173	369,817,173
Commercial Paper ¹	Varying		-	67,875,000	67,875,000
TOTAL COMMERCIAL PAPER			-	67,875,000	67,875,000
¹ Refunded by GO Bonds 95-B					
TOTAL TAX SUPPORTED DEBT			334,505,000	199,638,669	534,143,669
Plaza Theatre 2005 Issuance	15-Aug-05	17,315,000	17,385,000	10,232,816	27,617,816
Solid Waste Revenue Bonds	15-Jun-04		21,095,000	13,497,056	34,592,056
Airport	01-Nov-96	46,820,000	-	-	-
Airport	16-Sep-03	18,000,000	11,205,000	3,112,200	14,317,200
Bridge refunding 97	15-Nov-97	3,010,000	1,630,000	200,203	1,830,203
Federal Loan (ZIB)	1 Dec 91	3,000,000	1,750,000	485,250	2,235,250
SIB loan	15-Oct-99	3,634,000	6,935,089	1,690,577	8,625,667
TOTAL REVENUE BONDS			60,000,089	29,218,102	89,218,191